

Items found during review of FY08 Agency Payments to SE vendors (State Employees)

By: Shawn McCauley, OA-Accounting, Expenditure Review supervisor

Note: The expenditure review unit selected certain FY08 payments to SE vendors by agency to review. No more than 10 payments were selected for each agency. Supporting documentation requests were sent to each agency on our selected payments, and agencies provided this to OA-Accounting.

1. Several state employee expense reimbursements are still being paid by agencies via check as opposed to Electronic Funds Transfer. The Statewide Direct Deposit Policy (SP-14) requires all expense reimbursements to be direct deposited or paid by pay card.

The statewide direct deposit policy went into effect on January 1, 2008. The expenditure review unit has tracked the % of agency checks issued versus EFT payments to SE vendors since January 1st. We noted that the % of checks issued to SE vendors has decreased each month since January, which is to be expected as the direct deposit policy has been implemented by agencies. However, there are still a significant amount of checks written each month to SE vendors in violation of the direct deposit policy.

The expenditure review unit is in the process of contacting agency fiscal managers to inquire why these payments are still being made via check and if they are aware of the new policy. The agencies will need to take corrective action and issue all future reimbursements via EFT or they will need to submit an exception request to the Director of Accounting for approval to be compliant with the SP-14 policy requirement. At this time, no exceptions have been granted.

2. The State could significantly reduce the amount that is paid each year for in-state mileage reimbursements by choosing more cost effective travel options or car-pooling when possible.

We noted 2 employees from a department going from Kansas City to Springfield for the same purpose on the same days of the month and both were reimbursed over \$560 for mileage as opposed to car-pooling. 1 CSR 10-11.030 states that "Officials and employees traveling to the same destination should car-pool whenever possible."

We noted five state employees with large monthly mileage reimbursements and found that they have **each** been paid over \$70,000 for “in-state mileage” reimbursement by the State since Fiscal Year 2000. This is not cost effective when you consider the state could have purchased several vehicles with this money and assigned one to these individuals. Three of these 5 individuals have recently been assigned a state vehicle. We recommended the other 2 individuals should also be assigned a state vehicle to save costs. One of these 2 individuals was reimbursed nearly \$20,000 for in-state mileage in FY07 and over \$10,000 so far in FY08.

Often, a trip optimizer or equivalent was not included with agency employee expense account documentation to determine the most cost effective vehicular travel option, as required by 1 CSR 10-11.030. Some agencies have developed their own policy on when it is deemed cost effective to use a personal vehicle, rental vehicle, or state vehicle for employee travel. Statewide Vehicular Travel Policy (SP-12) allows for equivalent agency travel policies as long as they are not less restrictive than State policy. Per review of the expense accounts, it was difficult to determine in several instances why a personal vehicle was chosen since there was no trip optimizer or any references to agency policy that would explain the choice.

SP-12 also states, “In most circumstances, state vehicles or rental vehicles are more cost effective than personal mileage reimbursement; therefore, employees should avoid driving privately owned vehicles for official state business.” This is another reason why it is important to have some indication on the expense account or attached documentation as to why a personal vehicle was used.

Fleet Management’s One-way rental pilot program may be used currently by agencies to reduce mileage reimbursement costs to and from airports.

3. We identified payments to state employees that do not appear to be appropriate uses of state funds.

An example of this was a reimbursement to a department employee for purchasing a golf bag, green fees, and other items as a retirement gift for an individual. This was not an appropriate use of state funds. The department agrees that they should obtain reimbursement of this money from the individual and put it back into the appropriate fund. 1 CSR 10-3.010 discusses state purchases for retirement service recognition as being

allowable if they “primarily represent a token of recognition and not a reward with a cash equivalent or substantial monetary value.” A retirement gift of a golf bag and green fees would not fall into this exception.

4. State employees that receive payments from the State for non-employee services should have a VG (General Vendor) vendor code set up in SAM II.

Agency payments to SE (state employee) vendors should be for employee expense account reimbursements. When an agency pays an invoice for non-employee services provided by a state employee they need to make the payment to a VG (General vendor) vendor code. If there is not a VG vendor code set up in SAM II, they would need to submit a vendor input form to OA-Accounting

5. Several payments to state employees were paid to the wrong expenditure object code.

One common example noted were gasoline purchases for rental vehicles coded to “motor fuel” (object 2328). Gasoline purchases for rental vehicles should be coded to the travel object codes “In-State Commercial Transportation-Other” (object 2104) or “Out-of-State Commercial Transportation-Other” (object 2119). Gasoline purchases for state vehicles should be made on the Voyager Card and they are coded to “motor fuel” (object 2328).

Agencies have processed several journal vouchers to correct FY08 miscoded payments that we noted during our review.

6. In many instances reviewed, it appears there are more cost effective options available than reimbursing state employees for purchases.

The potential for savings exists when agencies purchase supplies off of state wide contracts available or with purchasing cards as opposed to reimbursing employees for purchasing supplies on their personal credit cards. Doing so would make it more likely to utilize the state’s tax exempt status on the purchases or realize the benefits or discounts of the state wide contracts.

A department paid \$424 to rent a large carpet to use at a booth for a 3-day show. It seems it would be cheaper for the department to purchase a carpet to use at similar shows in the future.

Some employee reimbursements for purchases of plaques and engraving were noted. Missouri Vocational Enterprises (MVE) provides plaques and engraving services at reasonable prices to state agencies, but MVE was not selected for the purchases reviewed and a MVE waiver was not obtained.

Several lodging reimbursements reviewed were significantly higher than CONUS lodging rates. While there is no current requirement that agencies use CONUS rates for lodging reimbursements, 1 CSR 10-11.010 states that “hotel expenses shall be in reasonable relationship to their average cost for the cities where the expenses are incurred”. We used CONUS as a guideline to see if lodging expenses seem to be reasonable. When lodging exceeds CONUS it should be noted on the expense report why the higher property was chosen. For example, this was the hotel hosting the training event.

7. Selected expense accounts reviewed did not include the employee’s official domicile, approval signature, an explanation of miscellaneous items claimed, or an out-of-state travel authorization form.

These items are required by 1 CSR 10-11 to be included on an employee expense report to ensure that the report is complete and that the expenses have been reviewed and are properly authorized.

For the most part, agencies provided thorough documentation of the expense account payments we requested. Meal costs reviewed were almost all within CONUS limits and 12-hour travel status was indicated on expense accounts as applicable to claim meals without overnight stays per 1 CSR 10-11.010.